



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking on the Commission's own motion for the purpose of considering policies and guidelines regarding the allocation of gains from sales of energy, telecommunications, and water utility assets.

R.04-09-003

**REPLY COMMENTS OF AGLET CONSUMER ALLIANCE
ON PROPOSED DECISION OF PRESIDENT PEEVEY
AND ALTERNATE PROPOSED DECISION OF ALJ THOMAS**

Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure, Aglet Consumer Alliance (Aglet) submits this reply to opening comments on the proposed decision (PD, Agenda ID #6865) of President Michal Peevey and the Alternate Proposed Decision (APD, Agenda ID #6866) of Administrative Law Judge (ALJ) Sarah Thomas in the Commission's rulemaking on gain on sale. The reply is due Wednesday, August 29, 2007. Aglet will submit this pleading to the Docket Office electronically on Monday, August 27, intending that it be timely filed.

This pleading is meant to comply with an e-mail that ALJ Thomas sent to Aglet on Friday, August 24, ALJ Thomas, with copies to the service list:

"Mr. Weil - I cannot tell from your comments what you are requesting as to gas facilities (part one of the comments). Please file and serve a brief reply no later than next Wednesday, August 29, 2007 providing suggested language."

Definition of Major Natural Gas Facilities

Aglet recommends that the definition of major natural gas facilities should include all storage fields operated by Pacific Gas and Electric Company (PG&E) and

Southern California Gas Company. However, the PD and APD reject that position. Therefore, Aglet will focus this reply on clarification of decision language.

Beginning with the partial paragraph at the bottom of p. 11, the PD and APD should be revised as follows:

* * *

"We thus find that major facility includes, for gas facilities, their storage fields, subject to a minimum size criterion. We also find reasonable Aglet's definition of 'out of service': 'out of service' for gas storage fields mean that 'the mechanical equipment used to inject or withdraw gas at the field is not available to inject or withdraw gas at a rate of at least 25% of the capacity of the equipment.'

"We do not agree with Aglet that all storage facilities of unknown size are reportable. Rather, gas utilities shall report out of service conditions on all facilities, including gas storage facilities, that represent 10% or more of the utility's system capacity. ~~meet the 25% threshold~~. If they are concerned about the security implications of reporting the size of facilities, they may file a motion or declaration concurrently with their § 455.5 submission seeking confidential treatment.

"We thus adopt the following definition of a reporting threshold for gas utilities:

"For gas utilities, a 'major generation or production facility' for purposes of the requirements of Pub. Util. Code § 455.5 is a facility representing at least ~~25%~~ 10% of the utility's storage capacity by volume. A 'major generation or production facility' for this purpose includes a gas storage field. A gas storage field is 'out of service' if the mechanical equipment used to inject or withdraw gas at the field is not available to inject or withdraw gas at a rate of at least 25% of the capacity of the equipment.

"A facility is out of service and subject to the reporting requirement irrespective of the cause of the out of service condition."

* * *

Aglet recommends that the cutoff point for "major facility" be 10%, in order to include PG&E's Los Medanos gas storage field. The PD and APD seem to adopt a cutoff point of 25%, but the language is unclear.

Dated August 27, 2007, at Cool, California.

/s/

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CERTIFICATE OF SERVICE

I certify that I have by electronic mail this day served a true copy of the original attached "Reply Comments of Aglet Consumer Alliance on Proposed Decision of President Peevey and Alternate Proposed Decision of ALJ Thomas" on all parties of record in this proceeding or their attorneys of record. I have served paper copies of the pleading on Assigned Commissioner Michael Peevey and Administrative Law Judge Sarah Thomas.

Dated August 27, 2007, at Cool, California.

/s/

James Weil